

years. These problems were emphasized by the establishment of the Canadian Consulate-General at New York.

I. In his letter to the Acting Deputy Minister of Trade and Commerce of May 27, last, the Under-Secretary of State for External Affairs pointed out that the New York appointment crystallized "some of the problems that will require consideration if the two Services are to work to the best advantage and, in particular, if amalgamation should eventually become a practical proposition".

The terms of reference, suggested in the letter from the Under-Secretary of State for External Affairs as the directive for this Committee, were readily accepted by Trade and Commerce in the light of the above reference. It seemed clear that the purpose was to further a closer working relationship between the two Services, and that amalgamation was regarded as an eventual possibility, not necessarily as a matter of immediate or early concern.

II. The Committee studied the developments which had taken place in the external services of the United States of America, the United Kingdom, Australia, South Africa and other parts of the British Commonwealth, and was assisted by consultations with representatives of the United States service; of the United Kingdom Foreign Office, Dominions Office and Department of Overseas Trade; and of other Commonwealth Governments. A marked trend towards complete amalgamation of diplomatic and commercial services was observed, and it was noted that this trend was not confined to English-speaking countries but was of world-wide extent.

III. The Committee considered two proposals for close co-ordination between the External affairs and the Trade Commissioner Services. They were:

(a) Complete merger of existing External Affairs and Trade Commissioner Services under the administration of a re-organized Department of External Affairs, with transfer to the reorganized Department of appropriate executive officers and staff.

(b) Administrative reform with a view to promotion of co-ordination and co-operation of the services; and co-operation and interchange of personnel, without loss of identity by either department or service.

IV. There was a difference of opinion with regard to the proposals. Certain members of the Committee considered that the first proposal was in accordance with the world-wide trend in such matters and would lead to substantial gains in efficiency of administration, in the raising of Service morale and the solution of personnel problems, in the improvement of conditions for the wise formulation of policy and in the centralisation of responsibility. On the other hand, they recognized that the second proposal, assuming that the first was unattainable, would be preferable to the present state of affairs, and would lead to improvement in the effectiveness of Canadian representation abroad which would become progressively greater with the passing of the years.

Other members of the Committee thought the first proposal was not feasible, as it would cause too much disruption to the existing departmental organization and they feared that it would impair the effectiveness of the trade promotional activities of the existing Trade Commissioner Service. They therefore preferred the second proposal, being largely influenced by these main considerations.